SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Winning isn't everything, but wanting to win is." Vince Lombardi

MARKETS

Macro Recap: Economic data took a back seat last week as geopolitical developments dominated market attention. Escalating conflict in the Middle East and disruptions to shipping through the Strait of Hormuz drove significant volatility in energy markets for a second consecutive week. U.S. crude oil futures surged to as high as $119 per barrel early in the week before sharply retreating, briefly falling below $77, and ultimately settling near $98 by Friday afternoon, well above the late-February low of approximately $65.

On the economic front, inflation remained stubbornly above the Federal Reserve's long-term target. The January core Personal Consumption Expenditures Price Index, the Fed's preferred inflation measure, rose to 3.1% year over year, edging higher from December's 3.0% reading. Month over month, core prices increased by 0.4%, reinforcing concerns that inflationary pressures remain persistent. Meanwhile, revised data showed that economic growth slowed materially at the end of 2025, with fourth-quarter GDP expanding at an annualized rate of just 0.7%, down from the prior 1.4% estimate and well below the 4.4% pace recorded in the third quarter.

Equity Recap: U.S. equities experienced another volatile week as a sharp rise in oil prices, driven by the escalating conflict involving Iran, set the tone for broader risk sentiment. Major equity benchmarks declined across the board, with the S&P 500 falling 1.6%, the Nasdaq down 1.3%, and the DJIA losing 2.0%. The S&P 500 reached a new low for 2026 on Friday, while the Nasdaq closed the week below its 200-day moving average of 22,176, highlighting continued pressure on growth-oriented sectors.

Market volatility remained elevated despite a modest pullback. The Cboe Volatility Index (VIX), which measures expectations for near-term equity market fluctuations, ended the week at 27.2, down from 29.5 the prior week but still well above recent norms. For context, the VIX was trading below 16 as recently as January 23, underscoring the sharp increase in uncertainty that has characterized recent trading conditions.

Bond/Rate Recap: The U.S. Treasury market weakened for a second consecutive week as rising energy prices reinforced inflation concerns and pushed yields higher. Bond prices declined across the curve, with the 10-year Treasury yield climbing to 4.28% by week's end, up from 4.15% the prior week. The move marked a notable reversal from late February, when the 10-year yield briefly fell to 3.96, its lowest level in more than four months, highlighting how quickly rate expectations have shifted amid renewed inflationary pressures.

Week Ahead: Bond market activity heading into the upcoming Federal Reserve meeting continues to reinforce expectations that policymakers will remain on hold following recent rate reductions. Trading in interest-rate futures late last week signaled an overwhelming consensus that the Fed will leave policy unchanged at the conclusion of its two-day meeting on Wednesday, March 18.

At its January meeting, the Fed opted to keep rates steady after delivering cuts at each of its prior three meetings, and recent market behavior suggests little appetite for a near-term shift. As a result, attention in the week ahead is likely to focus less on the rate decision itself and more on the Fed's messaging around inflation, growth, and the potential path of policy later in the year.

INDICES

	Mar 2 Open	Mar 6 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	47,502	46,558	-2.0%	48,063	-3.1%
S&P 500	6,740	6,632	-1.6%	6,846	-3.1%
NASDAQ	22,388	22,105	-1.3%	23,242	-4.9%
Russell 2000	2,525	2,480	-1.8%	2,482	-0.1%
KBW Bank Indx	153.5	147.1	-4.2%	164.0	-10.3%
Bitcoin	$67,843	$73,812	8.8%	$87,648	-15.8%
Oil (WTI)	$90.90	$96.64	6.3%	$57.42	68.3%
Gold	$5,172	$5,021	-2.9%	$4,319	16.2%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.64	3.64	0.00	3.64	0.00
3m Tbill	3.66	3.68	0.02	3.63	0.05
2yr UST	3.56	3.67	0.11	3.47	0.20
10yr UST	4.14	4.23	0.09	4.17	0.06
2-10yr UST Spread	57	55	-2	69	-14
2y AAA Muni/10y UST	60.7%	59.4%	-1.3%	70.3%	-10.9%
10y AAA Muni/10y UST	64.4%	66.1%	1.7%	65.4%	0.7%
5yr Inflation Forecast	2.62	2.65	0.03	2.27	0.38

Week Ahead

- **Monday:** Industrial production and capacity, Housing Market Index
- **Tuesday:** Pending home sales
- **Wednesday:** FOMC meeting conclusion, PPI, Factory orders
- **Thursday:** New home sales, Wholesale inventories
- **Friday:** No major reports

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